
LAND CEILING AND INDUSTRIALISATION IN KERALA: EXAMINING THE CONSTRAINTS IMPOSED BY THE KERALA LAND REFORMS ACT, 1963 ON HEAVY INDUSTRIAL DEVELOPMENT

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ABSTRACT

Kerala's land reform policy, particularly the Kerala Land Reforms Act, 1963, played a significant role in restructuring agrarian relations and promoting social justice by limiting land ownership and addressing historical inequalities. However, the implications of land ceiling restrictions for large-scale industrial development remain an important area of legal and economic inquiry. This paper examines how the land ceiling provisions under the Act may constrain the acquisition, retention, and utilisation of land required for heavy industries in Kerala. It analyses the tension between the objectives of equitable land distribution and the need for adequate land availability to support industrial expansion, infrastructure development, and employment generation. The study also considers the legal and administrative challenges faced by industrial enterprises in obtaining land for large-scale projects, with reference to relevant statutory provisions and industrial development initiatives. By examining the relationship between land reform legislation and industrial policy, the paper seeks to assess whether the existing legal framework adequately balances social welfare objectives with the requirements of economic growth. It argues for a balanced and transparent regulatory approach that preserves the achievements of land reforms while facilitating responsible industrialisation, investment, and sustainable development in Kerala.

Introduction

Among the states in India, Kerala has achieved substantial success in agrarian reform, particularly through its land reform measures. The Kerala Land Reforms Act, 1963¹ was enacted as an important legislation aimed at transforming the existing agrarian structure. The legislation sought to abolish the landlord-tenant system and provide greater rights to cultivating tenants and homestead dwellers, including Kudikidappukars. The Act also introduced restrictions on the accumulation of agricultural land in the hands of a few individuals and families. Land ceiling refers to the legal limit on the maximum amount of agricultural land that a person or family can own. The objective of imposing such a ceiling was to prevent the concentration of land in the hands of a few and to promote a more equitable distribution of land. Section 82² of the Kerala Land Reforms Act provides for the ceiling limits applicable to different categories of persons and families. The Act also provides certain conditional exemptions under Section 81³, under which certain lands may be exempted from the ceiling provisions for specified purposes such as plantations, educational institutions and industrial use. Under the Kerala Land Reforms Act 1963⁴, companies and industries were generally subject to a land ceiling, with 15 acres being relevant to the category considered in this article. The legislation was introduced against the background of a highly unequal and oppressive feudal land structure. Before land reforms, large tracts of cultivable land were concentrated among a small group of landlords or Jenmis. The system created significant inequalities in land ownership and placed cultivating tenants in vulnerable positions. The land reforms were therefore intended to dismantle this structure and redistribute land rights. The Kerala Land Reforms Amendment) Act, 1969⁵ and its subsequent amendments brought major changes to Kerala's agrarian structure. However, while the reforms produced important social and economic benefits, their interaction with modern industrial development raises a separate question. Industries, particularly heavy industries, may require large and contiguous areas of land. Therefore, restrictions designed primarily to prevent excessive concentration of agricultural land may create difficulties when applied to land-intensive industrial projects.

¹ The Kerala Land Reforms Act, 1963 (Act 1 of 1964),

² The Kerala Land Reforms Act, 1963, Act No. 1 of 1964, s. 82,

³ The Kerala Land Reforms Act, 1963, Act No. 1 of 1964, s. 81,

⁴ Supra note 1.

⁵ The Kerala Land Reforms (Amendment) Act, 1969, Act No. 35 of 1969, *Kerala Gazette Extraordinary*, No. 295, 17 December 1969.

Content

The industrial condition in Kerala has lagged behind some other Indian states, particularly in the development of manufacturing and heavy industries. Despite Kerala's relatively strong performance in social indicators and human development, its industrial growth has not developed to the same extent. Before the land reforms, the existing land structure itself created difficulties for industrial development, while the post reform framework introduced additional restrictions on the accumulation and use of large areas of land. A comparison with Tamil Nadu illustrates this difference. Tamil Nadu has developed a substantial manufacturing base and has become an important industrial state, with a large number of manufacturing factories and industrial clusters. Its industrial development has been supported by industrial infrastructure and policy mechanisms. Under Section 37 A⁶ of the Tamil Nadu Land Reforms Act, 1961⁷ an Industrial Exemption Committee was established to systematically grant exemptions to corporations, allowing them to hold land above the standard ceiling limit. However, in the context of Kerala, the Land Reforms Act resulted in the fragmentation of land, making land acquisition difficult. In comparison, Kerala has a more service sector driven economy, while the development of heavy industries has remained comparatively limited. Tamil Nadu has also used industrial exemptions and agencies such as SIPCOT⁸ to facilitate industrial development and the availability of land for industries. The issue is particularly important in the case of heavy industries. Heavy industries are inherently land intensive and often require contiguous tracts of land extending to hundreds or even thousands of acres. When land is fragmented into multiple smaller holdings, industries may have to negotiate with numerous landowners to acquire adjoining parcels. This increases transaction costs and may make the process of assembling suitable industrial land more difficult. Fragmentation may therefore become an obstacle to industrial development. Apart from the financial cost of acquiring multiple parcels, administrative procedures, legal disputes and delays in obtaining permissions can further increase the cost of establishing an industrial project. In a comparative study published IJCRT journal "A Comparative Study on Industrial Productivity in Tamil Nadu and Kerala"⁹. The study provides a recent comparison of industrial productivity in Tamil Nadu and Kerala, focusing on mining, manufacturing, and electricity, and finds a higher overall IIP for Tamil

⁶ The Tamil Nadu Land Reforms (Fixation of Ceiling on Land) Act, 1961 (Tamil Nadu Act 58 of 1961), s. 37-A

⁷ The Tamil Nadu Land Reforms (Fixation of Ceiling on Land) Act, 1961 (Tamil Nadu Act 58 of 1961),

⁸ State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT),

⁹ P. Andrea, Nirmal Sabu, Sriyani Ganguly and Aneesha Babu, "A Comparative Study on Industrial Productivity in Tamil Nadu and Kerala", 13(4) *International Journal of Creative Research Thoughts* 391–398 (April 2025),

Nadu during 2022–23 and 2023–24. This is relevant to the present study, which specifically focuses on the manufacturing sector and examines how Kerala's land-reform framework and land-ceiling restrictions have affected the growth and expansion of manufacturing industries. The tension between Kerala's land-ceiling framework and the spatial requirements of modern industry can be seen in the case of Scoobee Day Garments (India) Ltd., formerly Victory Paper & Boards (India) Ltd.

*Scoobee Day Garments (India) Ltd v State Of Kerala*¹⁰ ,: The case of Scoobee Day Garments demonstrates the practical difficulties created by the interaction between land-ceiling regulations and industrial development. The company had acquired approximately 52 acres of land in Palakkad through seven registered documents between 1994 and 1996 for industrial development. Permission had also been obtained for the use of the land for an industrial purpose. The company subsequently sought to establish a Private Industrial Estate on the land. Under the Private Industrial Estate Scheme, the promoter was initially required to possess a minimum of 50 acres of land. The requirement was subsequently reduced to 25 acres. The company applied for a Private Industrial Estate Developer's permit, and a high level committee found approximately 52.87 acres to be suitable for the proposed development. However, the application remained unresolved for a considerable period. The issue was complicated by the provisions of the Kerala Land Reforms Act concerning the ceiling on land holdings. The government took the position that exemption under Section 81(3)¹¹ was necessary. The interaction between the industrial policy and the land ceiling provisions consequently resulted in administrative and legal difficulties.

The Private Industrial Estate Scheme was subsequently modified in 2022. The case ultimately reached the Kerala High Court through W.P.(C) Nos. 33560 of 2022 and 425 of 2023¹². The litigation illustrates how uncertainty concerning land ceiling exemptions and administrative requirements can potentially increase the time and cost involved in industrial development.

Policy Relaxations: 2015 to 2022¹³: The difficulties faced by industries in acquiring and holding large areas of land led to attempts to relax the existing land-ceiling framework. In 2015,

¹⁰ *Scoobee Day Garments (India) Ltd. v. State of Kerala*, W.P.(C) Nos. 33560 of 2022 and 425 of 2023, 2025:KER:20916 (Kerala High Court, 7 March 2025),

¹¹ The Kerala Land Reforms Act, 1963 (Act No. 1 of 1964), s. 81(3),

¹² *Scoobee Day Garments (India) Ltd. v. State of Kerala*, W.P.(C) Nos. 33560 of 2022 and 425 of 2023, 2025:KER:20916 (Kerala High Court, 7 March 2025),

¹³ "Kerala Adds Rider to Land Ceiling Waiver Proposals", *The New Indian Express*, 20 August 2015,

the government under Chief Minister Oommen Chandy announced proposals to permit industries to hold land beyond the 15-acre ceiling subject to investment and employment conditions. The initial proposal reportedly contemplated an investment of ₹5 crore for every additional acre or employment for at least 20 persons. The policy was subsequently modified, and the investment requirement was increased. Under the later framework, an industrial unit seeking exemption was required to make an investment of ₹10 crore per acre and provide employment to at least 20 persons. The policy was intended to ensure that land obtained through exemption was actually used for productive purposes rather than being accumulated for speculative purposes. In 2022, the government introduced further changes to the framework. The relaxation permitted certain industries and other specified sectors to hold land beyond the ordinary ceiling, subject to conditions relating to investment and employment. The requirement of ₹10 crore investment per acre and employment for 20 persons per acre was retained. However, these conditions have also attracted criticism from industry representatives. Mr. P.M. Veeramani¹⁴, President of the Cochin Chamber of Commerce and Industry, argued that such conditions could be impractical and could discourage investment, particularly in industries requiring large areas of land. Heavy industries may require substantial land because of the nature of their operations, but their employment generation may not necessarily increase in direct proportion to the number of acres used. Therefore, although the 2022 relaxation permitted industries to hold more than the ordinary ceiling, the requirement of a fixed investment and employment level for every additional acre may continue to act as a restrictive condition in practice. The relaxation addressed part of the problem but did not completely resolve the underlying tension between land reform objectives and industrial land requirements. In the current situation, the relatively low growth of heavy industries can have wider economic consequences. Industrial development can contribute to employment, investment, infrastructure development and the expansion of the state's economic base. Excessive dependence on the service sector may also create concerns regarding the diversification and long-term resilience of the economy.

At the same time, Kerala's geographical conditions, high population density and limited availability of land must be taken into account. Therefore, complete removal of land-ceiling restrictions may not be an appropriate solution. The challenge is to develop a framework that protects the social objectives of land reform while allowing genuine industrial projects to obtain

¹⁴ Express News Service, "Land Purchase Rule: Industry Cries Foul over Kerala's 'Investment' Rider", *The New Indian Express*, 5 November 2022

the land they actually require. A possible approach would be to create carefully regulated exemptions for heavy industries and other genuinely land-intensive sectors. Special industrial zones, land pooling and modern industrial-estate mechanisms could help provide contiguous land without permitting unrestricted accumulation of land. Such mechanisms should also include safeguards against land speculation and ensure that land granted for industrial purposes is actually used for the approved purpose.

Environmental safeguards are equally important. Industrial development should take into account Kerala's unique landscape, high population density and environmental sensitivity. Therefore, any relaxation of land ceiling provisions should be accompanied by proper environmental regulation and monitoring. The investment and employment conditions could also be reconsidered according to the nature of the industry. A uniform investment or employment requirement for every additional acre may not accurately reflect the requirements of different sectors. Heavy engineering, manufacturing, technology and other industries may have different land, capital and employment structures. A sector specific and evidence based approach may therefore be more appropriate.

Recommendations and Suggestions

The restrictions imposed by the Kerala Land Reforms Act, 1963, raise the question of how Kerala can preserve the social benefits of land reforms while creating sufficient opportunities for large-scale industrial development. The following suggestions propose possible ways to address this challenge.

1. Review of Existing Land Ceiling Provisions

The Kerala government should examine whether the existing land ceiling provisions adequately address the requirements of modern heavy industries. Where genuine difficulties are identified, suitable legislative amendments may be considered after evaluating their economic, social and environmental consequences. Any changes should preserve the fundamental objectives of land reform and prevent excessive concentration of land ownership.

2. Introduction of Conditional Industrial Exemptions

A specific legal mechanism may be considered for industries that require large, continuous areas of land for their operations. Eligibility for such exemptions should depend on clearly

defined conditions, including the scale of investment, employment opportunities and public benefit. Strict monitoring and penalties for non-compliance would help prevent industrial exemptions from being used for speculative landholding.

3. Development of Government Industrial Land Reserves

The government should identify suitable government owned and underutilised land that can be developed for industrial purposes. Maintaining an inventory of such land would enable investors to identify suitable locations without unnecessarily affecting agricultural land or small landholders. This approach could also reduce delays associated with assembling large areas of privately owned land.

4. Improvement of Administrative Procedures

Uncertainty and delays in obtaining land related approvals can discourage industrial investment. A coordinated approval system, supported by digitised land records and clear procedural guidelines, could make the process more efficient. Establishing definite timelines for decisions would also help industries plan their projects with greater certainty.

5. Harmonisation of Land Reform and Industrial Policies

The government should assess the relationship between the Kerala Land Reforms Act, 1963, and other applicable industrial and investment policies. Clear guidelines explaining land ceiling requirements, available statutory exemptions and the necessary approval procedures would reduce uncertainty for investors. Coordination between the relevant departments could also prevent conflicting decisions and unnecessary administrative complications.

Conclusion

The Kerala Land Reforms Act, 1963, has been instrumental in promoting social justice through the redistribution of land and the restriction of excessive land ownership. However, the land ceiling provisions, particularly the restrictions applicable to companies under Section 82, raise concerns regarding the availability of large, contiguous land areas required for heavy industrial projects. A comparison with Tamil Nadu highlights the importance of examining how differences in land availability, regulatory frameworks and industrial policies may affect investment and industrial expansion. Kerala's experience with industrial projects requiring

substantial land, including those facing land-related legal and administrative difficulties, demonstrates the need to reassess whether the existing framework adequately accommodates contemporary industrial requirements. Rather than abandoning the objectives of land reform, Kerala should consider legally sound, conditional exemptions for genuine industrial projects, more effective utilisation of government-owned land and clearer procedures for obtaining statutory permissions. These measures should be accompanied by safeguards against speculative landholding and protections for agricultural land and small landholders. By learning from Tamil Nadu's industrial development experience while preserving its own commitment to equitable land distribution, Kerala can work towards a regulatory framework that supports heavy industrialisation, employment generation and sustainable economic growth.